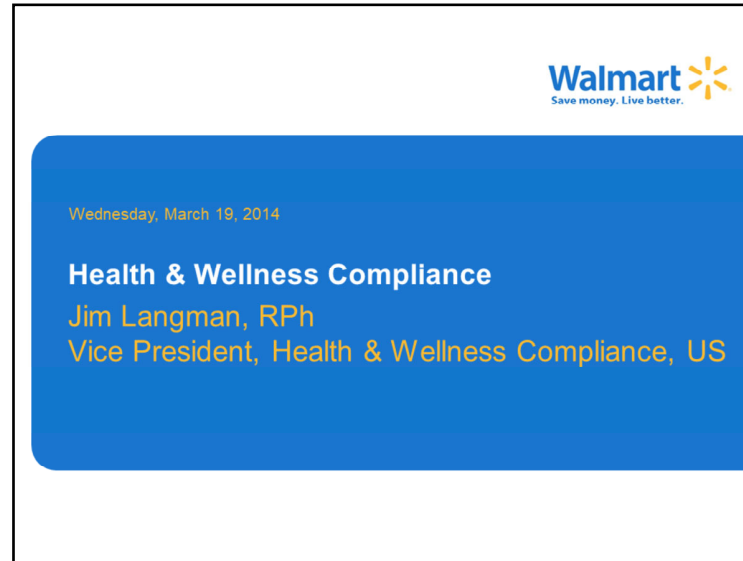


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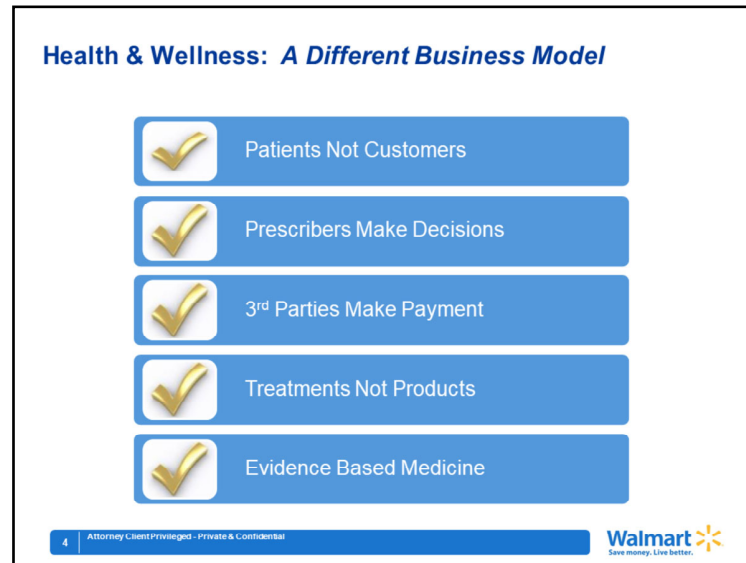




We are committed to helping associates serve patients the Right Way, Every Day.

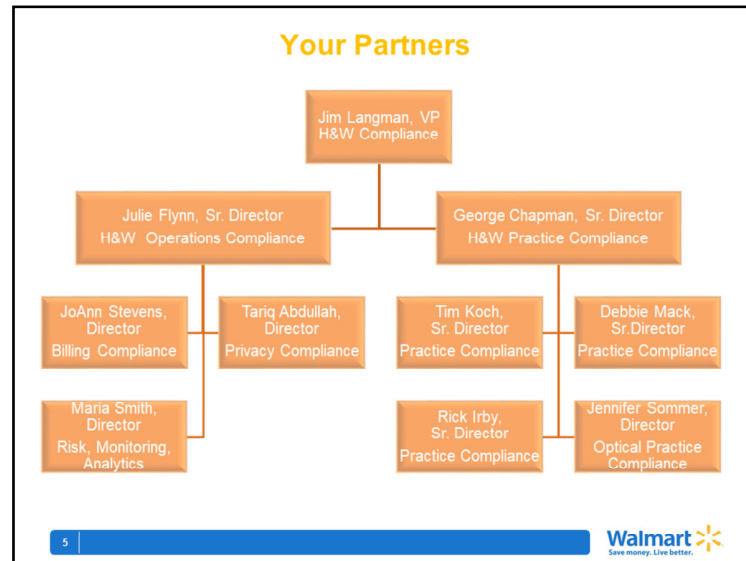


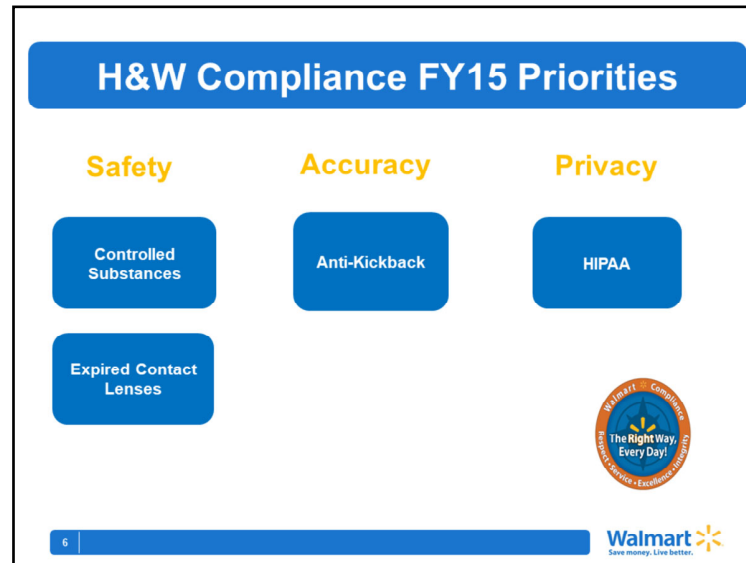
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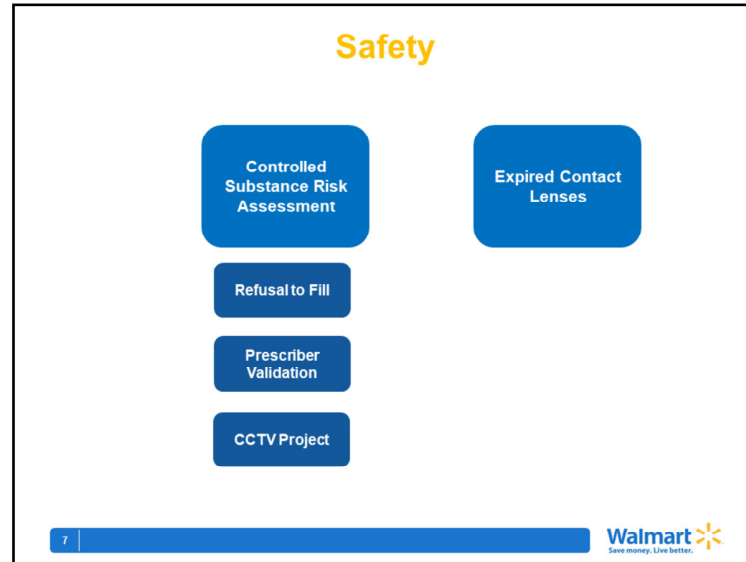


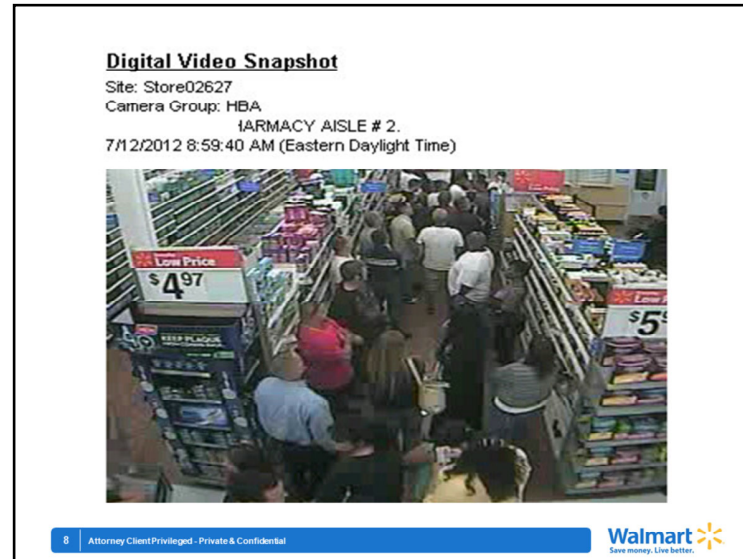
It is well understood that the health and wellness business model is very different. The 750 square feet of the pharmacy is the most regulated space in the retail box.

We have patients who have prescribers that make evidence based health care decisions to prescribe treatments. More than 80% of the time, the payment for these treatments come from a private health insurer or a government entity.









As I noted, one of the compliance program priority areas noted in the exercise was in the area of controlled substances/DEA compliance.

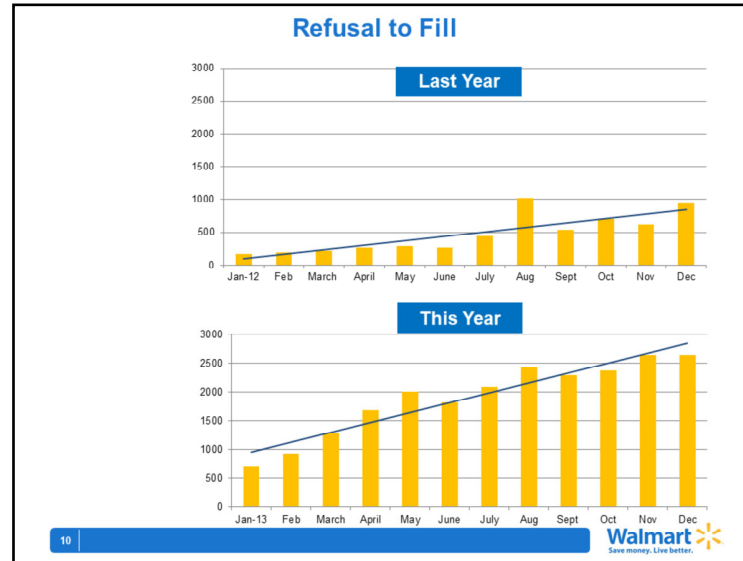
An illustration of the risk is depicted in this picture taken last July. We began to assess our processes after we learned of lines forming for scripts beginning at 7:00 am. The pharmacy opened at 9:00. The ensuing investigation discovered a very high number of prescriptions for Oxycodone. This situation gave us the opportunity to put some additional operation controls in place to mitigate the risk of our pharmacies becoming the pharmacy of choice for “pill mills.”

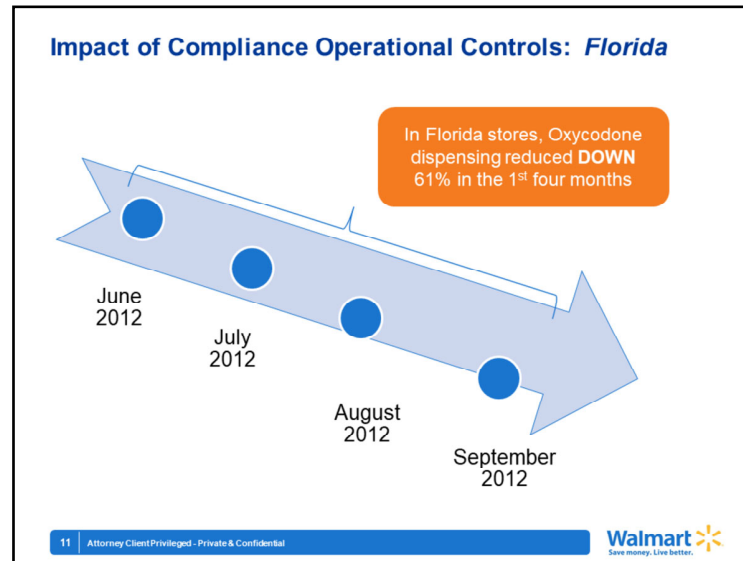
**Program Priority: Controlled Substances
Operational Controls**

- Market Director Webinar to discuss improved operational controls
- CII Prescription Toolkit
- Mandatory Prescription Monitoring Program (PMP)
- Limits placed on CII bottles per store and club
- DEA Refusal to Fill form obligation
- Asset protection audits on potential abuse locations
- Monitoring of excessive CII medication by CII distribution center
- Systemic CII Utilization Reviews required by H&W Market
- Location monitoring by Director on locations exceeding CII bottle threshold

9 Attorney Client Privileged - Private & Confidential Walmart Save money. Live better.

1. Here is a list of the operational controls that we put into place.





[illegible]

- Walmart is moving to new prescriber data file through HMS (Health Market Science)
- Improved data and better prescriber lookup tool
- Correct process for adding a new prescriber

CCTV Project

- Evaluation of our standards and processes around CCTV coverage of our pharmacies
- Identified gaps to our current process
- Patient and Associate Safety
- DEA obligations
 - 21 CFR 1301.71(a) Provides that all applicants and registrants shall provide effective controls and procedures to guard against theft and diversion of controlled substances

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CCTV Project

DEA will consider the following factors listed in 1301.71(b):

- Type of activity
- Type and quantity of controlled substances handled
- Types of closures on vaults, safes and secure enclosures
- Adequacy of electronic detection and alarm systems
- Adequacy of supervision over employees having access to manufacturing and storage areas
- Adequacy of the registrants system for monitoring the receipt and disposition of controlled substances in its operations

CCTV Project



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CCTV Project

What to Expect:

- Rollout and installations to begin company wide March 2014
- MHWDs and MAPMs will be informed when work will take place in their pharmacies
 - Work performed by Tyco/ADT technicians
- Pharmacy Managers must ensure Tyco/ADT technicians display proper credentials to enter pharmacy
 - Tyco/ADT technicians must sign the HIPAA Maintenance log located in the ETQ binder before starting work



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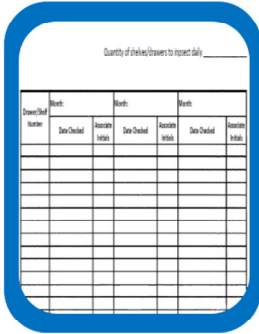



Expired Contact Lenses

- Quarterly Verifications
- Trial Contact Lenses
- Retail contact Lenses
- Contact Lens cleaning solutions
- Products set to expire within three months are removed from inventory

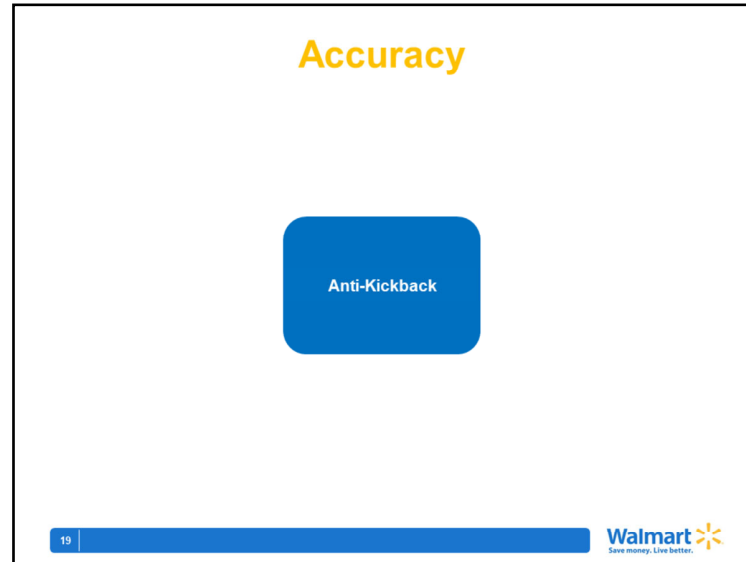
Expired Contact Lenses

What Good Looks Like



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Anti-Kickback

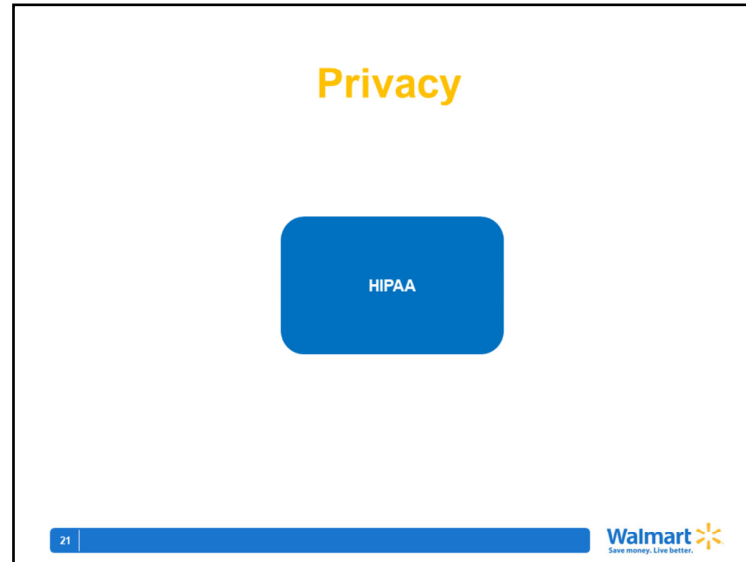
Examples of Kickbacks Could Be:

- "Inducing" referrals or purchases
 - Example: Giving a free turkey for every 10th prescription filled
- "Arranging for" purchase or sale
 - Example: Pharmacist working with local Drug Rep to sell more of Bicillin at a promise of 10% of the Drug Rep's sales bonus
- "Remuneration" anything of value
 - Example: Waving patient or discounting copays to attract more patients to the Pharmacy/Vision Center



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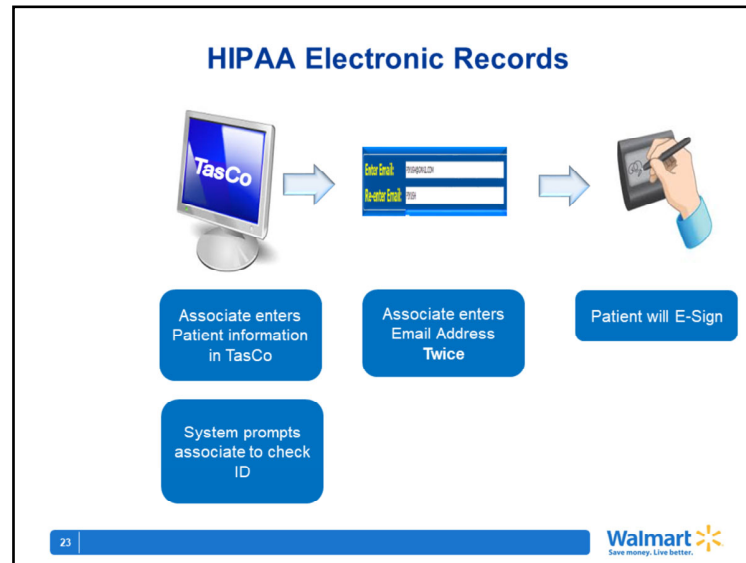
HIPAA Electronic Records

Under HIPAA/HITECH, patients may request access to their records electronically

Current Process:


- Requires paper "Request for Access" form to be completed
- Opportunities delivering records on time
- Paper forms must be retained for 6 years





Provide clarity about what each Pillar represents


HIPAA Electronic Records



Patient will receive two emails with two links:

First email:
Contains a link that will prompt the patient to create a userID and password

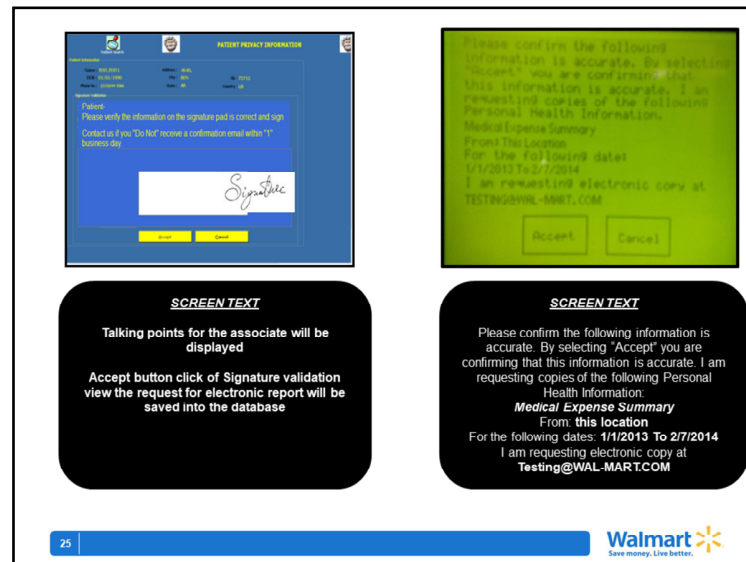
Second email:
Contains a link to the file



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Provide clarity about what each Pillar represents




HIPAA Electronic Records

Advantages of the new process

- Bring electronic access in-house
- Eliminates paper form for patients
- Records delivered on time
- Convenience for patients
- Roll-out to begin in April



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Updates

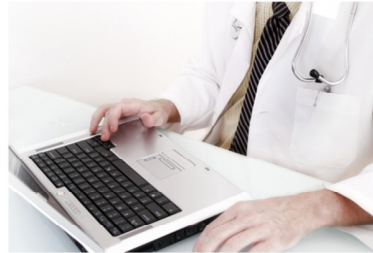
- Electronic Prescribing of Controlled Substances
- Hydrocodone to CII
- Electronic Record Keeping
- Pharmacy Hazardous Waste

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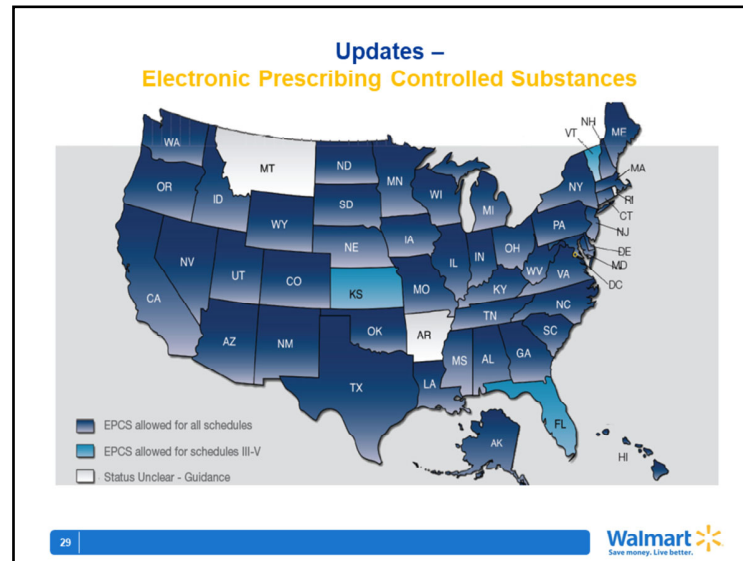
**Updates –
Electronic Prescribing Controlled Substances**

- Gives Walmart the ability to accept electronic prescriptions
 - Schedule II-V Controlled substances (assuming that state law allows)
- Project will deploy in the Fall



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**Updates –
Hydrocodone to CII Status**

- New York switched Hydrocodone products from a C-III to C-II drug in Feb. 2013
- FDA recommends Hydrocodone products to CII in Dec. 2013
- HHS sent recommendation to the DEA for reclassification
- DEA publishes notice of proposed rulemaking in Federal Register on Feb. 27th, 2014

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DEA Headlines

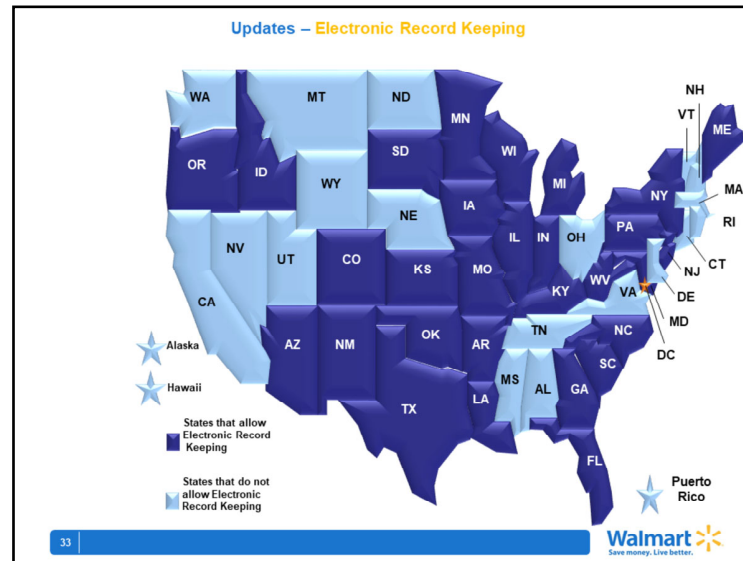
- "September 2012 - DEA revokes Controlled Substance permit for the 2 CVS Pharmacies"
- "DEA suspends Cardinal's controlled substances license at it's Lakeland, Florida distribution center, which services 2,500 pharmacies in Florida, Georgia, and South Carolina."
- Walgreens' Jupiter Distribution Center and six Florida Walgreens retail pharmacies had their controlled substances licenses suspended RED [REDACTED]
- [REDACTED] the settlement revokes the Registrants' ability to distribute or dispense controlled substances listed in Schedules II-V [REDACTED] As part of the settlement, Walgreens admitted that it failed to uphold its obligations as a DEA registrant.
- [REDACTED]

Updates – Electronic Record Keeping - (Phase 1)

- Elimination of paper prescription records of all non-controlled electronic (Surescript) prescriptions
- Will no longer need to print the prescription
 - (Phase 2) Will no longer need to complete the Log Copy sticker
- Compliant record keeping
- Cost savings
- Currently approved for 29 states plus the District of Columbia
- Phase I Project will deploy in the Fall

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Hazardous Waste

Focus on the Basics

- Simple execution points are the most commonly missed
 - Label placement on the bucket and on CII Drawer
 - Stores are not placing labels where the bucket says to 'Place Label Here'
 - Storing CII Returnable drugs and Waste in the same drawer

Use Your Resources

- Compliance Hotline (1-800-530-9923)



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How Can We Be Successful?

1. Set High Compliance **Expectations**
2. **Engage** Associates on Compliance
3. **Communicate** Expectations Frequently
4. Review Compliance **Goals and Measurements**
5. **Reinforce** Desired Compliance Behavior



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Thank You

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